

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

12

WS-04245A
Red Rock Utilities, LLC - Sewer
2200 E. River Road, Suite 115
Tucson, AZ 85718

RECEIVED

APR 4 2 008

JOHN P. DUNN
Director, Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2007
----	----	------

FOR COMMISSION USE

ANN05	07
-------	----

4-3-08

COMPANY INFORMATION

Company Name (Business Name) Red Rock Utilities, LLC

Mailing Address 2200 E. River Road, Ste. 115
(Street)

Tucson
(City)

AZ
(State)

85718
(Zip)

(520) 577-0200

Telephone No. (Include Area Code)

(520) 299-5602

Fax No. (Include Area Code)

(520) 602-5288

Cell No. (Include Area Code)

Email Address mweinberg@diamondven.com

Local Office Mailing Address 2200 E. River Road, Ste 115
(Street)

Tucson
(City)

AZ
(State)

85718
(Zip)

(520) 577-0200

Local Office Telephone No. (Include Area Code)

(520) 299-5602

Fax No. (Include Area Code)

(520) 602-5288

Cell No. (Include Area Code)

Email Address mweinberg@diamondven.com

MANAGEMENT INFORMATION

Management Contact: Mark Weinberg General Manager
(Name) (Title)

2200 E. River Road, Ste. 115
(Street)

Tucson
(City)

AZ
(State)

85718
(Zip)

(520) 577-0200

Telephone No. (Include Area Code)

(520) 299-5602

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address mweinberg@diamondven.com

On Site Manager: Dan Kale and/or Robert Iannarino P.E.
(Name)

2200 E. River Road, Ste. 115
(Street)

Tucson
(City)

AZ
(State)

85718
(Zip)

(520) 682-9669 or (520) 577-0200

Telephone No. (Include Area Code)

(520) 682-9696

Fax No. (Include Area Code)

(520) 429-8627

Cell No. (Include Area Code)

Email Address dkale@redrockutilities.com

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent:Chad Kolodisner

(Name)

2200 East River Rd. Ste 115

(Street)

Tucson

(City)

AZ

(State)

85701

(Zip)

(520) 577-0200

Telephone No. (Include Area Code)

(520) 299-5602

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney:Shilpa Hunter-Patel

(Name)

3003 North Central Ave, Ste 2600

(Street)

Phoenix

(City)

AZ

(State)

85012-2913

(Zip)

(602) 916-5356

Telephone No. (Include Area Code)

(602) 916-5556

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)☐ C Corporation (C) (Other than Association/Co-op)☐ Partnership (P)☐ Subchapter S Corporation (Z)☐ Bankruptcy (B)☐ Association/Co-op (A)☐ Receivership (R)☒ Limited Liability Company☐ Other (Describe) _____**COUNTIES SERVED**

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE☐ COCHISE☐ COCONINO☐ GILA☐ GRAHAM☐ GREENLEE☐ LA PAZ☐ MARICOPA☐ MOHAVE☐ NAVAJO☐ PIMA☒ PINAL☐ SANTA CRUZ☐ YAVAPAI☐ YUMA☐ STATEWIDE

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
351	Organization Cost	12,953		12,953
352	Franchise Cost	49,800	2,426	47,374
353	Land and Land Rights	6,539	327	6,212
354	Structures and Improvements	2,466	123	2,343
355	Power Generation Equipment			-
360	Collection Sewers - Force			-
361	Collection Sewers - Gravity	3,703,482	94,058	3,609,424
362	Special Collecting Structures			-
363	Services to Customers			-
364	Flow Measuring Devices			-
365	Flow Measuring Installations			-
366	Reuse Services	12,770	319	12,451
375	Reuse Transmission & Dist. System	257,360	6,434	250,926
380	Treatment and Disposal Equipment	5,135,767	241,919	4,893,848
381	Plant Sewers			-
0382	Outfall Sewer Lines			-
389	Other Plant and Misc. Equipment			-
390	Office Furniture and Equipment	10,039	347	9,692
391	Transportation Equipment	8,224	206	8,018
393	Tools, Shop and Garge Equipment			-
394	Laboratory Equipment	156	4	152
395	Power Operated Equipment			-
398	Other Tangible Plant	176	5	171
	TOTALS	9,199,732	346,168	8,853,564

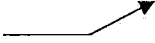
This amount goes to the Balance Sheet Acct. No. 108



NOTE: In the current year, certain utility plant assets have been reclassified to conform to current year presentation. These reclassifications have no impact on previously stated accumulated depreciation or prior year net income.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)*	Depreciation Expense (1x2)
351	Organization Cost	12,953	5.00%	
352	Franchise Cost	49,800	5.00%	2,426
353	Land and Land Rights	6,539	5.00%	327
354	Structures and Improvements	2,466	5.00%	123
355	Power Generation Equipment	-	5.00%	-
360	Collection Sewers - Force	-	5.00%	-
361	Collection Sewers - Gravity	3,703,482	5.00%	94,058
362	Special Collecting Structures	-	5.00%	-
363	Services to Customers	-	5.00%	-
364	Flow Measuring Devices	-	5.00%	-
365	Flow Measuring Installations	-	5.00%	-
366	Reuse Services	12,770	5.00%	319
375	Reuse Transmission & Dist. System	257,360	5.00%	6,434
380	Treatment and Disposal Equipment	5,135,767	5.00%	241,919
381	Plant Sewers	-	5.00%	-
0382	Outfall Sewer Lines	-	5.00%	-
389	Other Plant and Misc. Equipment	-	5.00%	
390	Office Furniture and Equipment	10,039	5.00%	274
391	Transportation Equipment	8,224	5.00%	206
393	Tools, Shop and Garge Equipment	-	5.00%	-
394	Laboratory Equipment	156	5.00%	4
395	Power Operated Equipment	-	5.00%	-
398	Other Tangible Plant	176	5.00%	5
	TOTALS	9,199,732		346,095

This amount goes on Comparative Statement of Income and Expense Acct No. 403. 

* 1/2 year convention on depreciation (1/2 year depreciation on new assets, 1/2 year on retirements)

Company Name: Red Rock Utilities, LLC

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 688,698	\$ 449,682
132	Special Deposits		
135	Temporary Cash Investments	214,468	232,965
141	Customer Accounts Receivable	-	15,818
146	Notes/Receivables from Associated Companies		
151	Plant Materials & Supplies		
162	Prepayments	-	
174	Miscellaneous Current and Accrued Assets	-	-
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 903,166	\$ 698,465
	FIXED ASSETS		
101	Utility Plant in Service	\$ 2,929	\$ 9,199,732
103	Property Held for Future Use	-	
105	Construction Work in Progress	4,620,042	
108	Accumulated Depreciation - Utility Plant	(73)	(346,168)
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 4,622,898	\$ 8,853,564
	TOTAL ASSETS	\$ 5,526,064	\$ 9,552,029

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR (RESTATED)*	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 178,703	\$ 13,844
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	-	
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 178,703	\$ 13,844
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds		
	DEFERRED CREDITS		
252	Advances in Aid of Construction	\$ 25,000	\$ 3,895,873
253	Other Differed Credits		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Taxes		
	TOTAL DEFERRED CREDITS	\$ 25,000	\$ 3,895,873
	TOTAL LIABILITIES	\$ 203,703	\$ 3,909,717
	CAPITAL ACCOUNTS		
201	Common Stock Issued		
211	Other Paid in Capital	5,381,113	6,254,438
215	Retained Earnings	(58,752)	(612,126)
218	Proprietary Capital (Sole Props. And Partnerships)		
	TOTAL CAPITAL	\$ 5,322,361	\$ 5,642,312
	TOTAL LIABILITIES AND CAPITAL	\$ 5,526,064	\$ 9,552,029

* Restatement to correct retained earnings and paid in capital that was recorded as Proprietary Capital in the 2006 ACC Report.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
521	Flat Rate Revenues		
522	Measured Revenues		44,612
536	Other Wasterwater Revenues	-	
	TOTAL REVENUES	\$ -	\$ 44,612
	OPERATING EXPENSES		
701	Salaries and Wages	\$ 30,205	\$ 82,048
710	Purchased Wastewater		
711	Sludge Removal Expense		141,187
715	Purchased Power	-	10,191
719	Purchased Water		1,733
720	Materials and Supplies	-	20,931
721	Office Supplies and Expenses	2,131	4,213
731	Contractual Services - Professional	29,720	6,436
735	Contractual Services - Testing		10,902
736	Contractual Sercices - Other		
740	Rents		
750	Transportation Expense		854
755	Insurance Expense	18,176	5,274
765	Regulatory Commission Expense		
775	Miscellaneous Expense	6,963	8,995
403	Depreciation Expense	73	346,095
408	Taxes Other Than Income		
408.11	Property Taxes		1,063
409	Income Taxes	-	
	TOTAL OPERATING EXPENSES	\$ 87,268	\$ 639,922
	OPERATING INCOME (LOSS)	\$ (87,268)	\$ (595,310)
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ 28,443	\$ 41,936
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	0	
	TOTAL OTHER INCOME (EXPENSE)	\$ 28,443	\$ 41,936
	NET INCOME (LOSS)	\$ (58,825)	\$ (553,374)

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

COMPANY NAME Red Rock Utilities, LLC	
Name of System: Red Rock Utilities, LLC	Wastewater Inventory Number (if applicable) 105421

WASTEWATER COMPANY PLANT DESCRIPTION

TREATMENT FACILITY

TYPE OF TREATMENT (Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc.)	SBR Sequential Batch Reactor
DESIGN CAPACITY OF PLANT (Gallons Per Day)	.300 MGD

LIFT STATION FACILITIES

Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)
33786 Spirit Lane	2	15	625	4680

FORCE MAINS

Size	Material	Length (Feet)
4-inch	None	N/A
6-inch	None	N/A
8-inch	Ductile Iron	60 ft

MANHOLES

Type	Quantity
Standard	107
Drop	None

CLEANOUTS

Quantity
6

COMPANY NAME Red Rock Utilities, LLC	
Name of System: Red Rock Utilities, LLC	Wastewater Inventory Number (if applicable) 105421

WASTEWATER COMPANY PLANT DESCRIPTION (CONTINUED)

COLLECTION MAINS

Size (in inches)	Material	Length (in feet)
4		
6		
8	SDR 35 PVC	20,492
10		
12	SDR 35 PVC	1,938
15	SDR 35 PVC	981
18	SDR 35 PVC	6,314
18	DUCTILE	308
21		
24	DUCTILE IRON (DIP)	60
30		

SERVICES

Size (in inches)	Material	Quantity
4	PVC	273
6	PVC	2
8		
12		
15		

FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY

SOLIDS PROCESSING AND HANDLING FACILITIES	Noxon Centrifuge
DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.)	Sun Light Systems Ultra Violet Light
FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	Miami Filters Sand Filters
STRUCTURES (Buildings, Fences, Etc.)	Red Rock WRF Operations Building
OTHER (Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.)	Incubator, Muffle Furnace, Laboratory, Refrigerator, Oven, Nitrate Analyzer, PH Analyzer, Electronic Scale, Generac 350 K W Standby Generator

COMPANY NAME Red Rock Utilities, LLC

YEAR ENDING 12/31/2007

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>0</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>0</u>
Estimated or Actual State Tax Liability	<u>0</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

MARCH 26, 2008
DATEMARK WEINBERG
PRINTED NAMEGENERAL MANAGER
TITLE

COMPANY NAME Red Rock Utilities, LLC YEAR ENDING 12/31/2007

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2007 was: \$ 1,063

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

Received

ADP007

TAXPAYER	TAX CODE	2006 TAX	1st pay't	2nd pay't
----------	-------------	-------------	--------------	--------------

Pinal

Red Rock Utilities LLC	410-11-001E	1,982.72	991.36	991.36
		-	-	-
		-	-	-
		-	-	-
		-	-	-
	Totals	1,982.72	991.36	991.36

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

RECEIVED

APR 02 2008

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
Pinal County
NAME (OWNER OR OFFICIAL) TITLE
Diamond Ventures, Inc., an Arizona Corporation, Manager, by its Vice President, Mark Weinberg
COMPANY NAME
Red Rock Utilities, LLC

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

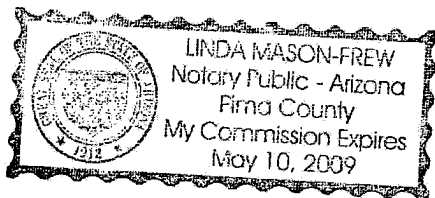
MONTH	DAY	YEAR
12	31	2007

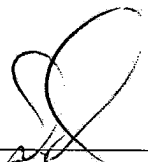
HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.





SIGNATURE OF OWNER OR OFFICIAL
520-511-0200

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 26th **DAY OF**

COUNTY NAME	PIMA	
MONTH	MARCH	2008

(SEAL)

Linda Mason-Frew

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 5/10/09

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

APR 02 2008

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
Pinal County
NAME (OWNER OR OFFICIAL) TITLE
Diamond Ventures, Inc., an Arizona Corporation, Manager, by its Vice President, Mark Weinberg
COMPANY NAME
Red Rock Utilities, LLC

**AZ CORP COMM
Director Utilities**

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

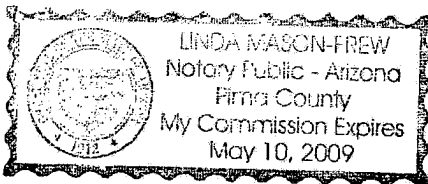
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:



Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 44,612

(THE AMOUNT IN BOX ABOVE
INCLUDES \$
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 26th **DAY OF**

**(SEAL)
MY COMMISSION EXPIRES** 5/10/09

SIGNATURE OF OWNER OR OFFICIAL
(520) 577-0200
TELEPHONE NUMBER

COUNTY NAME	<u>PIMA</u>
MONTH	<u>MARCH</u> , <u>2008</u>
SIGNATURE OF NOTARY PUBLIC <u>Linda Mason-Frew</u>	

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

RECEIVED

APR 02 2008

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Pinal County	
NAME (OWNER OR OFFICIAL) TITLE Diamond Ventures, Inc., an Arizona Corporation, Manager	TITLE by its Vice President, Mark Weinberg
COMPANY NAME Red Rock Utilities, LLC	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

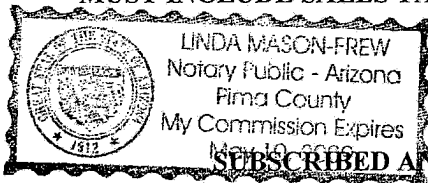
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 44,612

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ _____
IN SALES TAXES BILLED, OR COLLECTED

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**



SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

26th

DAY OF

(SEAL)

MY COMMISSION EXPIRES 5/10/09

X

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

NOTARY PUBLIC NAME <u>LINDA MASON-FREW</u>	
COUNTY NAME <u>PIMA</u>	
MONTH <u>MARCH</u>	YEAR <u>2008</u>

X

Linda Mason-Frew

SIGNATURE OF NOTARY PUBLIC

**RED ROCK UTILITIES, LLC
(WASTEWATER OPERATIONS)**

YEAR ENDED DECEMBER 31, 2007

**RED ROCK UTILITIES, LLC
(WASTEWATER OPERATIONS)**

YEAR ENDED DECEMBER 31, 2007

CONTENTS

	Page
Accountants' compilation report	1
Financial statements:	
Balance sheet	2
Statement of operations	3



BEACH, FLEISCHMAN & CO., P.C.
Certified Public Accountants/Financial & Business Advisors

Bruce D. Beach, CPA
Peter F. Beahan, CPA, ABV
Richard A. Bratt, CPA
David J. Cohen, CPA
Jo DeChatelet, CPA, CFP®
Kevin J. Donovan, CPA, EA, MSPA
Bryan S. Eto, CPA
Marc D. Fleischman, CPA, ABV
Robert G. Harbour, CPA, CVA

George Henderson, CPA
David M. Iaconis, CPA
Jimmy J. Lovelace, CPA
Kathryn M. Ludwig, CPA
Karen K. McCloskey, CPA, MST
Kim D. Paskal, CPA, MBA
Cynthia A. Schroeder, CPA
Jay J. Senkerik, CPA

Members

Red Rock Utilities, LLC
Tucson, Arizona

We have compiled the balance sheet of Red Rock Utilities, LLC - (wastewater operations) as of December 31, 2007, and the related statement of operations for the year then ended and accompanying information on pages 4 through 9, 13, and 15 through 17 of the annual Arizona Corporation Commission reports, included in the accompanying form prescribed by the Arizona Corporation Commission, Utilities Division, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form prescribed by the Arizona Corporation Commission, Utilities Division, information that is the representation of management. We have not audited or reviewed the accompanying financial statements referred to above and, accordingly, we do not express an opinion or any other form of assurance on them.

The financial statements are presented in accordance with the requirements of the Arizona Corporation Commission, Utilities Division, which differ from U.S. generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Beach, Fleischman & Co., P.C.

March 12, 2008

**RED ROCK UTILITIES, LLC
(WASTEWATER OPERATIONS)**

BALANCE SHEET

**DECEMBER 31, 2007
(See Accountants' Compilation Report)**

Docket No. W-02160A

ASSETS

Total property and equipment, net	<u>\$ 8,853,564</u>
Current assets:	
Cash and cash equivalents	449,682
Temporary cash investments	232,965
Accounts receivable	<u>15,818</u>
Total current assets	<u>698,465</u>
	<u><u>\$ 9,552,029</u></u>

CAPITALIZATION AND LIABILITIES

Capitalization:	
Capital accounts	\$ 5,642,312
Deferred credit:	
Advances in aid of construction	3,895,873
Current liabilities	<u>13,844</u>
	<u><u>\$ 9,552,029</u></u>

RED ROCK UTILITIES, LLC
(WASTEWATER OPERATIONS)

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2007
(See Accountants' Compilation Report)

Docket No. W-02160A

Operating revenues	\$ 44,612
Operating expenses	<u>639,922</u>
Operating loss	(595,310)
Total other income	<u>41,936</u>
Net loss	<u>\$ (553,374)</u>